

Internal Revenue Service
District Director

Department of the Treasury

Person to Contact:

Telephone Number:

Refer Reply to:

EIN:

Date: MAY 11 1993

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(7) of the Internal Revenue Code of 1986.

The information submitted discloses that you were organized as an association on [REDACTED].

Your purpose as stated, in part, in your by-laws, is to "promote and direct golf tournaments and competitive play according to the current USGA Rules of Golf and such other activities as will further the best interests of golf among women".

Your normal activities consist of your membership playing in tournaments throughout [REDACTED], play days for members each Tuesday, and general membership meetings held the first Tuesday of each month. Members also have the opportunity to play in national tournaments. In addition, you host an annual golf tournament invitational as a fund raiser to pay, in part, for some of the incurred expenses. Women members of other golf clubs are invited to participate in your annual invitational.

Approximately [REDACTED]% of your total gross receipts are derived from your annual invitational and you expect future gross receipts to be derived from such activity.

Section 501(c) of the Code describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(7) Clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder."

Revenue Procedure 71-17 states that the "Total Gross Receipts" means receipts from normal and usual activities of the club including charges, admissions, membership fees, dues and assessments (Senate Report No. 94-1318 2nd Session 1976-2 C.B. 597).

P. L. 94-568 provides that 501(c)(7) organizations will be permitted to receive up to 35 percent of their gross receipts, including investment income, from sources outside their membership without losing their exempt status, and within the 35 percent amount not more than 15 percent of the gross receipts should be derived from the use of a social club's facilities or services by the general public.

Revenue Ruling 79-145, 1979-1 C.B. 360, provides that amounts paid to a social club by visiting members of another social club are amounts paid by nonmembers, even though both clubs are of like nature and the amounts paid are for goods, facilities, or services provided by such social club under a reciprocal arrangement with such other social club.

Since the general public is invited to your social and recreational events and your receipts therefrom are a substantial part of your total income, it is evident that you are not operating as a social club within the intendment of section 501(c)(7) of the Code.

The exemption provided by section 501(a) for organizations described in section 501(c)(7) applies only to clubs which are organized for pleasure, recreation, and other similar nonprofitable purposes and substantially all of its activities are for these purposes, but does not apply if any part of its net earnings inures to the benefit of any private shareholder.

Accordingly, we hold that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(7) of the Code.

You agreed to this determination by signing Form 6018, Consent to Proposed Adverse Action, on [REDACTED].

[REDACTED]

You are required to file income tax returns annually with your district director.

Contributions made to you are not deductible as charitable contributions as defined in section 170(c) of the Code.

This letter reflects the correct employer identification number for your organization. Please use this number on all returns you file and in all correspondence with the Internal Revenue Service.

Sincerely yours,

[REDACTED]

District Director